



UAHC Health Plan of Tennessee, Inc.

1769 Paragon Drive, Suite 100
Memphis, TN 38132
• 901-346-0064 •

RECEIVED

2007 OCT 17 AM 9:21

C&I TENNCARE

October 16, 2007

Mr. Ronald Crozier
TennCare Examiner
Department of Commerce
And Insurance
500 James Robertson Parkway
Suite 750
Nashville, TN 37243

RE: Review of UAHC Health Plan of Tennessee, Inc's 2nd Qtr NAIC Statement
Matter # 07-062
UAHC Health Plan of Tennessee, Inc's Reported Adjustments to Paid-in Capital
Matter # 06-118

Dear Mr. Crozier:

In reference to the above matters, please find the following amended NAIC filings:

- December 31, 2006 Annual
- March 31, 2007 1st Quarter 2007
- June 30, 2007 2nd Quarter 2007

If there are any questions, I can be reached at 901-260-4422.

Sincerely,

Stephen Harris
Chief Financial Officer

Cc: Gregory Hawkings, Examinations Manager

Managed by United American of Tennessee, Inc.



RECEIVED

2007 OCT 17 AM 9:21

C&I TENNCARE

QUARTERLY STATEMENT

OF THE

UAHC HEALTH PLAN OF TENNESSEE INC

of

MEMPHIS

in the state of

TENNESSEE

TO THE

Insurance Department

OF THE

STATE OF TENNESSEE

FOR THE QUARTER ENDED

March 31, 2007

HEALTH

2007



0000200720100101

HEALTH QUARTERLY STATEMENT

AS OF MARCH 31, 2007
OF THE CONDITION AND AFFAIRS OF THE
UAHC Health Plan of Tennessee

NAIC Group Code 0000 (Current Period) 0000 (Prior Period) NAIC Company Code 00000 Employer's ID Number 62-1547197

Organized under the Laws of TN, State of Domicile or Port of Entry TN

Country of Domicile US

Licensed as business type: Life, Accident & Health ☐ Property/Casualty ☐ Hospital, Medical & Dental Service or Indemnity ☐
Dental Service Corporation ☐ Vision Service Corporation ☐ Health Maintenance Organization ☐
Other ☐ Is HMO Federally Qualified? YES ☐ NO ☐

Incorporated/Organized: October 6, 1993 Commenced Business: January 3, 1994

Statutory Home Office: 1769 Paragon Suite 100 Memphis, TN 38132

Main Administrative Office: 1769 Paragon Suite 100 Memphis, TN 38132 901-348-2201

Mail Address: 1769 Paragon Suite 100 Memphis, TN 38132

Primary Location of Books and Records: 1769 Paragon Suite 100 Memphis, TN 38132 901-348-2201

Internet Website Address: N/A

Statutory Statement Contact: Stephen Harris 000-000-0000
sharris@uahc.com 901-348-2212

Policyowner Relations Contact: 1769 Paragon Suite 100 Memphis, TN 38132 000-000-0000

OFFICERS

Name	Title
1. Stephanie Dowell	Chief Executive Officer
2. Stephen Harris	Chief Financial Officer
3.	

Vice-Presidents

Name	Title	Name	Title
Myla Johnson	Vice-President Medical Services	Edward Reed, M.D.	Senior Vice-President & Medical Director
Stacy Hill	Vice-President MIS		

DIRECTORS OR TRUSTEES

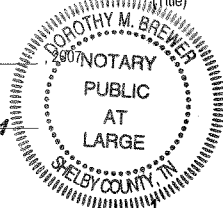
Stephanie Dowell	Stephen Harris	Tom Goss	Samuel King
Grover Barnes M.D.	Julius V. Combs, M.D.	Griselle Figueroa, M.D.	Lloyd Robinson
Logan Miller M.D.	Neal Beckford M.D.	Stan Sawyer	William Brooks
Alvin King	Ricky Wilkins		

State of _____
County of _____ ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Stephanie Dowell	Stephen Harris	
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
Chief Executive Officer	Chief Financial Officer	
(Title)	(Title)	(Title)

Subscribed and sworn to before me this
15th day of OCTOBER



MY COMMISSION EXPIRES:
December 30, 2007

a. Is this an original filing? YES ☐ NO ☒

b. If no:

1. State the amendment number 2

2. Date filed 10/15/2007

3. Number of pages attached 32

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	7,475,144		7,475,144	7,445,153
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 2,709,205), cash equivalents (\$ 0) and short-term investments (\$ 0)	2,709,205		2,709,205	1,822,987
6. Contract loans (including \$ 0 premium notes)				
7. Other invested assets	3,030,110		3,030,110	3,025,336
8. Receivables for securities				
9. Aggregate write-ins for invested assets	2,300,000	2,300,000		
10. Subtotals, cash and invested assets (Lines 1 to 9)	15,514,459	2,300,000	13,214,459	12,293,476
11. Title plants less \$ 0 charged off (for Title insurers only)				
12. Investment income due and accrued	438,380		438,380	358,420
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	1,102,251		1,102,251	1,156,198
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
13.3 Accrued retrospective premiums				
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers				
14.2 Funds held by or deposited with reinsured companies				
14.3 Other amounts receivable under reinsurance contracts				
15. Amounts receivable relating to uninsured plans				
16.1 Current federal and foreign income tax recoverable and interest thereon				
16.2 Net deferred tax asset				
17. Guaranty funds receivable or on deposit				
18. Electronic data processing equipment and software				
19. Furniture and equipment, including health care delivery assets (\$ 0)				
20. Net adjustment in assets and liabilities due to foreign exchange rates				
21. Receivables from parent, subsidiaries and affiliates				
22. Health care (\$ 360,956) and other amounts receivable	681,205	681,205		
23. Aggregate write-ins for other than invested assets	113,440	113,440		
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23)	17,849,735	3,094,645	14,755,090	13,808,094
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
26. Total (Lines 24 and 25)	17,849,735	3,094,645	14,755,090	13,808,094

DETAILS OF WRITE-INS				
0901. Escrow per state of TN	2,300,000	2,300,000		
0902.				
0903.				
0998. Summary of remaining write-ins for Line 09 from overflow page				
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 09 above)	2,300,000	2,300,000		
2301. Prepaid Expenses	113,440	113,440		
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	113,440	113,440		

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	186,214		186,214	
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses				
4. Aggregate health policy reserves				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				
8. Premiums received in advance				
9. General expenses due or accrued	435,379		435,379	204,304
10.1 Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))	568,733		568,733	369,651
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates	58,476		58,476	58,476
16. Payable for securities				
17. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers and \$ 0 unauthorized reinsurers)				
18. Reinsurance in unauthorized companies				
19. Net adjustments in assets and liabilities due to foreign exchange rates				
20. Liability for amounts held under uninsured plans				
21. Aggregate write-ins for other liabilities (including \$ 0 current)	1,422,500		1,422,500	1,476,447
22. Total liabilities (Lines 1 to 21)	2,671,302		2,671,302	2,108,878
23. Aggregate write-ins for special surplus funds	XXX	XXX		
24. Common capital stock	XXX	XXX	200,000	200,000
25. Preferred capital stock	XXX	XXX	12,550,000	12,550,000
26. Gross paid in and contributed surplus	XXX	XXX		
27. Surplus notes	XXX	XXX		
28. Aggregate write-ins for other than special surplus funds	XXX	XXX		
29. Unassigned funds (surplus)	XXX	XXX	(666,212)	(1,050,784)
30. Less treasury stock, at cost:				
30.1 0 shares common (value included in Line 24 \$ 0)	XXX	XXX		
30.2 0 shares preferred (value included in Line 25 \$ 0)	XXX	XXX		
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	12,083,788	11,699,216
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	14,755,090	13,808,094

DETAILS OF WRITE-INS				
2101. PREMIUM TAX PAYABLE	1,102,251		1,102,251	1,156,198
2102. CLAIMS AUDIT	320,249		320,249	320,249
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page				
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	1,422,500		1,422,500	1,476,447
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX		
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX		
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX		
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	XXX	XXX		

STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date
	1	2	3
	Uncovered	Total	Total
1. Member Months	X X X	324,521	364,164
2. Net premium income (including \$ 0 non-health premium income)	X X X	372,085	
3. Change in unearned premium reserves and reserve for rate credits	X X X		
4. Fee-for-service (net of \$ 0 medical expenses)	X X X		
5. Risk revenue	X X X		
6. Aggregate write-ins for other health care related revenues	X X X		
7. Aggregate write-ins for other non-health revenues	X X X		
8. Total revenues (Lines 2 to 7)	X X X	372,085	
Hospital and Medical:			
9. Hospital/medical benefits		(28,026)	(78,821)
10. Other professional services		202,471	
11. Outside referrals			
12. Emergency room and out-of-area			
13. Prescription drugs		81,979	
14. Aggregate write-ins for other hospital and medical			
15. Incentive pool, withhold adjustments and bonus amounts			
16. Subtotal (Lines 9 to 15)		256,424	(78,821)
Less:			
17. Net reinsurance recoveries		12,500	
18. Total hospital and medical (Lines 16 minus 17)		243,924	(78,821)
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 42,646 cost containment expenses		97,654	1,311,890
21. General administrative expenses		(487,186)	(1,603,058)
22. Increase in reserves for life and accident and health contracts (including \$ 0 increase in reserves for life only)			
23. Total underwriting deductions (Lines 18 through 22)		(145,608)	(369,989)
24. Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	517,693	369,989
25. Net investment income earned		176,851	55,379
26. Net realized capital gains (losses) less capital gains tax of \$ 0			
27. Net investment gains (losses) (Lines 25 plus 26)		176,851	55,379
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$ 0) (amount charged off \$ 0)]			
29. Aggregate write-ins for other income or expenses			
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	694,544	425,368
31. Federal and foreign income taxes incurred	X X X	199,082	136,500
32. Net income (loss) (Lines 30 minus 31)	X X X	495,462	288,868

DETAILS OF WRITE-INS			
0601.	X X X		
0602.	X X X		
0603.	X X X		
0698. Summary of remaining write-ins for Line 6 from overflow page	X X X		
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X		
0701.	X X X		
0702.	X X X		
0703.	X X X		
0798. Summary of remaining write-ins for Line 7 from overflow page	X X X		
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X		
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page			
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)			
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page			
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)			

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year	11,699,216	10,771,593	10,771,593
34. Net income or (loss) from Line 32	495,462	288,868	1,285,337
35. Change in valuation basis of aggregate policy and claim reserves			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ 0	(78,970)	(30,843)	48,599
37. Change in net unrealized foreign exchange capital gain or (loss)			
38. Change in net deferred income tax			
39. Change in nonadmitted assets	(31,920)	81,520	(406,313)
40. Change in unauthorized reinsurance			
41. Change in treasury stock			
42. Change in surplus notes			
43. Cumulative effect of changes in accounting principles			
44. Capital Changes:			
44.1 Paid in			
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments:			
45.1 Paid in			
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders			
47. Aggregate write-ins for gains or (losses) in surplus			
48. Net change in capital and surplus (Lines 34 to 47)	384,572	339,545	927,623
49. Capital and surplus end of reporting period (Line 33 plus 48)	12,083,788	11,111,138	11,699,216

DETAILS OF WRITE-INS			
4701.			
4702.			
4703.			
4798. Summary of remaining write-ins for Line 47 from overflow page			
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)			

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	372,085	
2. Net investment income	96,891	336,036
3. Miscellaneous income	55,406	464,908
4. Total (Lines 1 to 3)	524,382	800,944
5. Benefit and loss related payments		
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	(321,278)	(551,677)
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		369,275
10. Total (Lines 5 through 9)	(321,278)	(182,402)
11. Net cash from operations (Line 4 minus Line 10)	845,660	983,346
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		45,309
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)		45,309
13. Cost of investments acquired (long-term only):		
13.1 Bonds		310,000
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	29,991	40,206
13.7 Total investments acquired (Lines 13.1 to 13.6)	29,991	350,206
14. Net increase (or decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(29,991)	(304,897)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	70,549	(237,553)
17. Net cash from financing and miscellaneous sources (Line 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	70,549	(237,553)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	886,218	440,896
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,822,987	1,382,091
19.2 End of period (Line 18 plus Line 19.1)	2,709,205	1,822,987

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.		
20.0002.		
20.0003.		

Report #2A TENNCARE OPERATIONS STATEMENT OF REVENUE AND EXPENSES

Statement as of March 31, 2007 of UAHC Health Plan of TN, Inc.

MEMBER MONTHS	Current Period	Current Year to Date	Prior Calendar Year
	324,522	324,522	1,418,559
REVENUES:			
1. TennCare Capitation	52,444,735	52,444,735	211,283,040
2. Investment	176,851	176,851	638,027
3. Other Revenue (Provide detail)	32,620,590	32,620,590	49,095,008
4. TOTAL REVENUES (Lines 1 to 3)	85,242,176	85,242,176	261,016,075
EXPENSES:			
Medical and Hospital Services			
5. Capitated Physician Services	1,438,754	1,438,754	6,161,715
6. Fee-for-Service Physician Services	5,352,626	5,352,626	20,367,814
7. Inpatient Hospital Services	11,956,770	11,956,770	53,067,885
8. Outpatient Services	18,112,137	18,112,137	69,911,107
9. Emergency Room Services	5,709,298	5,709,298	20,482,689
10. Mental Health Services	-	-	-
11. Dental Services	-	-	193
12. Vision Services	373,413	373,413	1,717,426
13. Pharmacy Services	-	-	-
14. Home Health Services	451,093	451,093	1,714,794
15. Chiropractic Services	-	-	-
16. Radiology Services	1,025,633	1,025,633	4,611,431
17. Laboratory Services	921,172	921,172	603,646
18. Durable Medical Equipment Services	603,240	603,240	2,153,898
19. Transportation Services	1,630,634	1,630,634	7,177,599
20. Outside Referrals	-	-	-
21. Medical Incentive Pool and Withhold Adjustments	-	-	-
22. Occupancy, Depreciation, and Amortization	-	-	-
23. Other Medical and Hospital Services (Provide detail)	32,790,789	32,790,789	52,229,218
24. Subtotal (Lines 5 to 23)	80,365,558	80,365,558	240,199,415
25. Reinsurance Expenses Net of Recoveries	-	-	-
LESS:			
26. Copayments	-	-	-
27. Subrogation	(55,595)	(55,595)	(29,037)
28. Coordination of Benefits	(247,970)	(247,970)	(819,643)
29. Subtotal (Lines 26 to 28)	(303,565)	(303,565)	(848,680)
30. TOTAL MEDICAL AND HOSPITAL (Lines 24 and 25 less 29)	80,061,993	80,061,993	239,350,735
Administration:			
31. Compensation	1,271,443	1,271,443	5,098,065
32. Marketing	61,121	61,121	208,735
33. Interest Expense	-	-	-
34. Premium Tax Expense	1,150,803	1,150,803	4,582,658
35. Occupancy, Depreciation and Amortization	144,394	144,394	564,523
36. Other Administration (Provide detail)	2,077,032	2,077,032	9,920,462
37. TOTAL ADMINISTRATION (Lines 31 thru 36)	4,704,794	4,704,794	20,374,443
38. TOTAL EXPENSES (Lines 30 and 37)	84,766,786	84,766,786	259,725,178
39. NET INCOME (LOSS) (Line 4 less 38)	475,390	475,390	1,290,897

Report 2A (cont'd) TENNCARE OPERATIONS STATEMENT OF REVENUE AND EXPENSES

Statement as of March 31, 2007 of UAHC Health Plan of TN Inc.

<u>Line 3 - Other Revenue</u>	Current Period	Current Year to Date	Prior Year
Pharmacy Rebates	-	-	-
Administrative Fee Revenue from State	3,836,787	3,836,787	16,105,394
Revenue from State for Premium Tax	1,150,803	1,150,803	4,582,658
Miscellaneous Revenue	-	-	-
Shared Risk Revenue	-	-	360,956
IBNR	27,633,000	27,633,000	28,046,000
Total	<u>\$32,620,590</u>	<u>\$32,620,590</u>	<u>49,095,008.00</u>

<u>Line 23 - Other Medical and Hospital Services</u>			
Other Referral/Specialist Services	\$5,157,789	\$5,157,789	\$24,258,134
Other	-	-	(\$74,916)
Physical Therapy	-	-	-
IBNR	27,633,000	27,633,000	28,046,000
Total	<u>\$32,790,789</u>	<u>\$32,790,789</u>	<u>\$52,229,218</u>

<u>Line 36 - Other Administration</u>			
Accounting Services	\$25,628	\$25,628	170,441
Legal Services	\$0	\$0	213
Professional Services	1,259,942	1,259,942	5,971,449
Board of Directors' Meetings	13,782	13,782	73,058
Bank Charges	4,538	4,538	2,642
Administrative Expenses	394,553	394,553	2,296,551
Consumables	140,727	140,727	310,030
Travel & Entertainment	42,285	42,285	162,764
Other Unassigned	-	-	-
Miscellaneous Expense	-	-	-
Provision for Income Taxes	195,577	195,577	887,106
Provision for Income Taxes of Mgmt company	-	-	46,208
Total	<u>\$2,077,032</u>	<u>\$2,077,032</u>	<u>\$9,920,462</u>

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance	372,085	
2. Net investment income	96,891	336,036
3. Miscellaneous income	55,406	464,908
4. Total (Lines 1 to 3)	524,382	800,944
5. Benefit and loss related payments		
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7. Commissions, expenses paid and aggregate write-ins for deductions	(321,278)	(557,227)
8. Dividends paid to policyholders		
9. Federal and foreign income taxes paid (recovered) net of \$ 0 tax on capital gains (losses)		369,275
10. Total (Lines 5 through 9)	(321,278)	(187,952)
11. Net cash from operations (Line 4 minus Line 10)	845,660	988,896
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds		45,309
12.2 Stocks		
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets		
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		
12.7 Miscellaneous proceeds		
12.8 Total investment proceeds (Lines 12.1 to 12.7)		45,309
13. Cost of investments acquired (long-term only):		
13.1 Bonds		310,000
13.2 Stocks		
13.3 Mortgage loans		
13.4 Real estate		
13.5 Other invested assets		
13.6 Miscellaneous applications	29,991	40,206
13.7 Total investments acquired (Lines 13.1 to 13.6)	29,991	350,206
14. Net increase (or decrease) in contract loans and premium notes		
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(29,991)	(304,897)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes		
16.2 Capital and paid in surplus, less treasury stock		
16.3 Borrowed funds		
16.4 Net deposits on deposit-type contracts and other insurance liabilities		
16.5 Dividends to stockholders		
16.6 Other cash provided (applied)	70,549	(243,103)
17. Net cash from financing and miscellaneous sources (Line 16.1 through 16.4 minus Line 16.5 plus Line 16.6)	70,549	(243,103)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	886,218	440,896
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	1,822,987	1,382,091
19.2 End of period (Line 18 plus Line 19.1)	2,709,205	1,822,987

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001.		
20.0002.		
20.0003.		

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

	1 Total	Comprehensive (Hospital & Medical)			5 Vision Only	6 Dental Only	7 Federal Employees Health Benefit Plan	8 Title XVIII Medicare	9 Title XIX Medicaid	10 Other
		2 Individual	3 Group	4 Medicare Supplement						
Total Members at end of:										
1. Prior Year	110,534								110,534	
2. First Quarter	108,944							121	108,823	
3. Second Quarter										
4. Third Quarter										
5. Current Year										
6. Current Year Member Months	108,944							121	108,823	
Total Member Ambulatory Encounters for Period:										
7. Physician	132,437								132,437	
8. Non-Physician	21,027								21,027	
9. Total	153,464								153,464	
10. Hospital Patient Days Incurred	34,883								34,883	
11. Number of Inpatient Admissions	2,477								2,477	
12. Health Premiums Written (a)	372,085							372,085		
13. Life Premiums Direct										
14. Property/Casualty Premiums Written										
15. Health Premiums Earned										
16. Property/Casualty Premiums Earned										
17. Amount Paid for Provision of Health Care Services										
18. Amount Incurred for Provision of Health Care Services										

(a) For health premiums written; amount of Medicare Title XVIII exempt from state taxes or fees \$

0

CLAIMS UNPAID AND INCENTIVE POOL, WITHHOLD AND BONUS (Reported and Unreported)

[illegible]

UNDERWRITING AND INVESTMENT EXHIBIT **ANALYSIS OF CLAIMS UNPAID-PRIOR YEAR-NET OF REINSURANCE**

Line of Business	Claims Paid Year to Date		Liability End of Current Quarter		Claims Incurred in Prior Years (Columns 1 + 3)	Estimated Claim Reserve and Claim Liability Dec. 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid Dec. 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)						
2. Medicare Supplement						
3. Dental only						
4. Vision only						
5. Federal Employees Health Benefits Plan						
6. Title XVIII - Medicare		138,305		186,214		
7. Title XIX - Medicaid						
8. Other health						
9. Health subtotal (Lines 1 to 8)		138,305		186,214		
10. Healthcare receivables (a)						
11. Other non-health						
12. Medical incentive pools and bonus amounts						
13. Totals		138,305		186,214		

(a) Excludes \$ 0 Loans or advances to providers not yet expensed.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies**A. Accounting Practices**

The financial statements of UAHC Health Plan of Tennessee, Inc. are presented on the basis of accounting practices prescribed or permitted by the Tennessee Department of Commerce and Insurance.

The Tennessee Department of Commerce and Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Tennessee for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Tennessee Insurance Law. The National Association of Insurance Commissioners' (the NAIC) *Accounting Practices and Procedures* manual, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Tennessee.

There are no reconciling items between the Company's net income and capital and surplus between NAIC SAP practices prescribed and permitted by the state of Tennessee.

2. Accounting Changes and Corrections of Errors

None

3. Business Combinations and Goodwill

None

4. Discontinued Operations

None

5. Investments

None

6. Joint Ventures, Partnerships and limited Liability Companies

None

7. Investment Income

None

8. Derivative Instruments

None

9. Income Tax

None

10. Information Concerning Parent, Subsidiaries and Affiliates

None

11. Debt

None

12. Retirement Plans, Deferred Compensation, Post employment benefits and Compensated Absences and other Postretirement Benefit Plans

None

NOTES TO FINANCIAL STATEMENTS

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi Reorganizations.

None

14. Contingencies

None

15. Leases

No Change

16. Off Balance Sheet Risk

None

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments Of Liabilities.**C. Wash Sales**

None

18. Gain or loss to the company from Uninsured A&H Plans and Uninsured Portion of Of Partially Insured Plans

None

19. Direct Premium Written/Produced by managing general agents/third party Administrators.

None

20. Other Items

None

21. Events Subsequent

None

22. Reinsurance

Under an Agreement with an insurer for the Company's Medicare product, 90% of inpatient medical claim cost in excess of \$100,000 up to \$1,000,000 per enrollee for the plan year as defined, are paid by the insurer. Furthermore, our agreement with an insurer includes outpatient coverage that is limited to \$1,500 per day. During the first quarter of 2007, the Company had no medical claim cost paid under the stop-loss agreement. The Company paid premiums to the insurer totaling \$12,500 for the first quarter 2007.

23. Retrospectively Rated Contracts

None

24. Organization and Operations

None

NOTES TO FINANCIAL STATEMENTS

25. **Salvage and Subrogation**

None

26. **Change in Incurred claims and Claim adjustment Expense**

None

27. **Minimum Net Worth**

No Change

GENERAL INTERROGATORIES

(Responses to these interrogatories should be based on changes that have occurred since prior year end unless otherwise noted)

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1 Did the reporting entity experience any material transactions requiring the filing of Disclosure of Material Transactions with the State of Domicile, as required by the Model Act?
- 1.2 If yes, has the report been filed with the domiciliary state?
- 2.1 Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?
- 2.2 If yes, date of change:
3. Have there been any substantial changes in the organizational chart since the prior quarter end?
If yes, complete the Schedule Y - Part 1 - organizational chart.
- 4.1 Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?
- 4.2 If yes, provide the name of entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

Yes [] No [X] →

Yes [] No [X]

Yes [] No [X]

Yes [] No [X]

Yes [] No [X]

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

5. If the reporting entity is subject to a management agreement, including third-party administrator(s), managing general agent(s), attorney-in-fact, or similar agreement, have there been any significant changes regarding the terms of the agreement or principals involved?
If yes, attach an explanation.
- 6.1 State as of what date the latest financial examination of the reporting entity was made or is being made.
- 6.2 State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.
- 6.3 State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 6.4 By what department or departments?

Yes [] No [X] N/A []

04/30/2005

12/31/2004

05/31/2006

- 7.1 Has this reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?
- 7.2 If yes, give full information

Yes [] No [X]

- 8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?
- 8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

Yes [] No [X]

- 8.3 Is the company affiliated with one or more banks, thrifts or securities firms?
- 8.4 If response to 8.3 is yes, please provide below the names and location (city and state of the main office) of any affiliates regulated by a federal regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

Yes [] No [X]

1 Affiliate Name	2 Location (City, State)	3 FRB	4 OCC	5 OTS	6 FDIC	7 SEC

GENERAL INTERROGATORIES (Continued)

- 9.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- (c) Compliance with applicable governmental laws, rules, and regulations;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- (e) Accountability for adherence to the code.

Yes ☒ No ☐

- 9.11 If the response to 9.1 is No, please explain:

- 9.2 Has the code of ethics for senior managers been amended?

Yes ☐ No ☒

- 9.21 If the response to 9.2 is Yes, provide information related to amendment(s).

- 9.3 Have any provisions of the code of ethics been waived for any of the specified officers?

Yes ☐ No ☒

- 9.31 If the response to 9.3 is Yes, provide the nature of any waiver(s).

FINANCIAL

- 10.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?

Yes ☐ No ☒

- 10.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:

\$ _____

INVESTMENT

- 11.1 Has there been any change in the reporting entity's own preferred or common stock?

Yes ☐ No ☒

- 11.2 If yes, explain

- 12.1 Were any of the stocks, bonds, or other assets of the reporting entity loaned, placed under option agreement, or otherwise made available for use by another person? (Exclude securities under securities lending agreements.)

Yes ☐ No ☒

- 12.2 If yes, give full and complete information relating thereto:

13. Amount of real estate and mortgages held in other invested assets in Schedule BA:

\$ _____

14. Amount of real estate and mortgages held in short-term investments:

\$ _____

- 15.1 Does the reporting entity have any investments in parent, subsidiaries and affiliates?

Yes ☐ No ☒

- 15.2 If yes, please complete the following:

	1 Prior Year-End Book/ Adjusted Carrying Value	2 Current Quarter Book/Adjusted Carrying Value
15.21 Bonds	\$ _____	\$ _____
15.22 Preferred Stock	\$ _____	\$ _____
15.23 Common Stock	\$ _____	\$ _____
15.24 Short-Term Investments	\$ _____	\$ _____
15.25 Mortgage Loans on Real Estate	\$ _____	\$ _____
15.26 All Other	\$ _____	\$ _____
15.27 Total Investment in Parent, Subsidiaries and Affiliates (Subtotal Lines 15.21 to 15.26)	\$ _____	\$ _____
15.28 Total Investment in Parent included in Lines 15.21 to 15.26 above	\$ _____	\$ _____

- 16.1 Has the reporting entity entered into any hedging transactions reported on Schedule DB?

Yes ☐ No ☒

- 16.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state?

Yes ☐ No ☒

If no, attach a description with this statement.

GENERAL INTERROGATORIES (Continued)

17. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV, H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes ☐ No ☒

- 17.1 For all agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian Address

- 17.2 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)

- 17.3 Have there been any changes, including name changes, in the custodian(s) identified in 17.1 during the current quarter?

Yes ☐ No ☒

- 17.4 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason

- 17.5 Identify all investment advisors, broker/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository	2 Name(s)	3 Address

- 18.1 Have all the filing requirements of the Purposes and Procedures Manual of the NAIC Securities Valuation Office been followed?

Yes ☐ No ☒

- 18.2 If no, list exceptions:

.....

.....

SCHEDULE A - VERIFICATION**Real Estate**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value, December 31 of prior year		
2. Increase (decrease) by adjustment		
3. Cost of acquired		
4. Cost of additions to and permanent improvements		
5. Total profit (loss) on sales		
6. Increase (decrease) by foreign exchange adjustment		
7. Amount received on sales		
8. Book/adjusted carrying value at end of current period		
9. Total valuation allowance		
10. Subtotal (Lines 8 plus 9)		
11. Total nonadmitted amounts		
12. Statement value, current period (Page 2, real estate lines, Net Admitted Assets column)		

SCHEDULE B - VERIFICATION**Mortgage Loans**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book value/recorded investment excluding accrued interest on mortgages owned, December 31 of prior year		
2. Amount loaned during period:		
2.1 Actual cost at time of acquisitions		
2.2 Additional investment made after acquisitions		
3. Accrual of discount and mortgage interest points and commitment fees		
4. Increase (decrease) by adjustment		
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book value/recorded investment excluding accrued interest on mortgages owned at end of current period		
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)		
12. Total nonadmitted amounts		
13. Statement value of mortgages owned at end of current period (Page 2, mortgage lines, Net Admitted Assets column)		

SCHEDULE BA - VERIFICATION**Other Invested Assets**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of long-term invested assets owned, December 31 of prior year	3,025,336	2,605,000
2. Cost of acquisitions during period:		
2.1 Actual cost at time of acquisitions		411,633
2.2 Additional investment made after acquisitions		
3. Accrual of discount		
4. Increase (decrease) by adjustment	4,774	8,703
5. Total profit (loss) on sale		
6. Amounts paid on account or in full during the period		
7. Amortization of premium		
8. Increase (decrease) by foreign exchange adjustment		
9. Book/adjusted carrying value of long-term invested assets at end of current period	3,030,110	3,025,336
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	3,030,110	3,025,336
12. Total nonadmitted amounts		
13. Statement value of long term invested assets at end of current period (Page 2, Line 7, Column 3)	3,030,110	3,025,336

SCHEDULE D - VERIFICATION**Bonds and Stocks**

	1	2
	Year To Date	Prior Year Ended December 31
1. Book/adjusted carrying value of bonds and stocks, December 31 of prior year	7,445,153	7,140,257
2. Cost of bonds and stocks acquired		310,000
3. Accrual of discount		
4. Increase (decrease) by adjustment	29,991	(5,104)
5. Increase (decrease) by foreign exchange adjustment		
6. Total profit (loss) on disposal		
7. Consideration for bonds and stocks disposed of		
8. Amortization of premium		
9. Book/adjusted carrying value, current period	7,475,144	7,445,153
10. Total valuation allowance		
11. Subtotal (Lines 9 plus 10)	7,475,144	7,445,153
12. Total nonadmitted amounts		
13. Statement value	7,475,144	7,445,153

NONE	Schedule D - Part 1B
NONE	Schedule DA - Parts 1 and 2
NONE	Schedule DB - Part F - Section 1
NONE	Schedule DB - Part F - Section 2

SCHEDULE S - CEDED REINSURANCE

Showing All New Reinsurance Treaties - Current Year to Date

1 NAIC Company Code	2 Federal ID Number	3 Effective Date	4 Name of Reinsurer	5 Location	6 Type of Reinsurance Ceded	7 Is Insurer Authorized? (Yes or No)
Life and Annuity - Affiliates						
Life and Annuity - Non-Affiliates						
Accident and Health - Affiliates						
Accident and Health - Non-Affiliates						
92711	35-1817054	01/01/2007	HCC LIFE INSURANCE COMPANY	MINNESOTA	SSL/L	YES

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

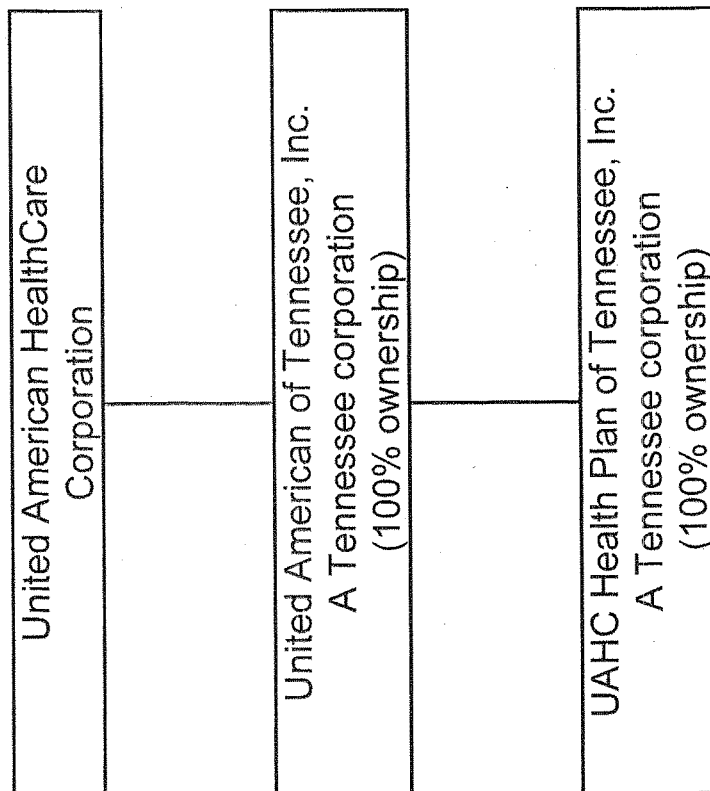
Current Year to Date - Allocated by States and Territories

		1	Direct Business Only Year To Date							
			2	3	4	5	6	7	8	9
State, Etc.		Is Insurer Licensed (Yes or No)	Accident and Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life and Annuity Premiums and Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL NO								
2.	Alaska	AK NO								
3.	Arizona	AZ NO								
4.	Arkansas	AR NO								
5.	California	CA NO								
6.	Colorado	CO NO								
7.	Connecticut	CT NO								
8.	Delaware	DE NO								
9.	Dist. Columbia	DC NO								
10.	Florida	FL NO								
11.	Georgia	GA NO								
12.	Hawaii	HI NO								
13.	Idaho	ID NO								
14.	Illinois	IL NO								
15.	Indiana	IN NO								
16.	Iowa	IA NO								
17.	Kansas	KS NO								
18.	Kentucky	KY NO								
19.	Louisiana	LA NO								
20.	Maine	ME NO								
21.	Maryland	MD NO								
22.	Massachusetts	MA NO								
23.	Michigan	MI NO								
24.	Minnesota	MN NO								
25.	Mississippi	MS NO								
26.	Missouri	MO NO								
27.	Montana	MT NO								
28.	Nebraska	NE NO								
29.	Nevada	NV NO								
30.	New Hampshire	NH NO								
31.	New Jersey	NJ NO								
32.	New Mexico	NM NO								
33.	New York	NY NO								
34.	North Carolina	NC NO								
35.	North Dakota	ND NO								
36.	Ohio	OH NO								
37.	Oklahoma	OK NO								
38.	Oregon	OR NO								
39.	Pennsylvania	PA NO								
40.	Rhode Island	RI NO								
41.	South Carolina	SC NO								
42.	South Dakota	SD NO								
43.	Tennessee	TN YES		138,305					138,305	
44.	Texas	TX NO								
45.	Utah	UT NO								
46.	Vermont	VT NO								
47.	Virginia	VA NO								
48.	Washington	WA NO								
49.	West Virginia	WV NO								
50.	Wisconsin	WI NO								
51.	Wyoming	WY NO								
52.	American Samoa	AS NO								
53.	Guam	GU NO								
54.	Puerto Rico	PR NO								
55.	U.S. Virgin Islands	VI NO								
56.	Northern Mariana Islands	MP NO								
57.	Canada	CN NO								
58.	Aggregate other alien	OT X X X								
59.	Subtotal	X X X		138,305					138,305	
60.	Reporting entity contributions for Employee Benefit Plans	X X X								
61.	Total (Direct Business)	(a) 1		138,305					138,305	

DETAILS OF WRITE-INS									
5801.									
5802.									
5803.									
5898. Summary of remaining write-ins for Line 58 from overflow page									
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)									

(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 - ORGANIZATIONAL CHART



SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason enter **SEE EXPLANATION** and provide an explanation following the interrogatory questions.

RESPONSE

1. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC with this statement?

YES

EXPLANATION:

BAR CODE:

NONE	Schedule A - Part 2 and 3
NONE	Schedule B - Part 1 and 2
NONE	Schedule BA - Part 1 and 2
NONE	Schedule D - Part 3
NONE	Schedule D - Part 4
NONE	Schedule DB - Part A and B - Section 1
NONE	Schedule DB - Part C and D - Section 1

Month End Depository Balances

E O 8

NONE

Schedule E - Part 2

E 1 0

E 1 1

EXHIBIT 5 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

[illegible]



00000200736500101

MEDICARE PART D COVERAGE SUPPLEMENT

For the Quarter Ended March 31, 2007

NAIC Group Code 0000

NAIC Company Code 00000

	Individual Coverage		Group Coverage		5
	1 Insured	2 Uninsured	3 Insured	4 Uninsured	Total Cash
1. Premiums Collected	103,000	XXX		XXX	103,000
2. Earned Premiums		XXX		XXX	XXX
3. Claims Paid	81,979	XXX		XXX	81,979
4. Claims Incurred		XXX		XXX	XXX
5. Reinsurance Coverage and Low Income Cost Sharing - Claims Paid Net of Reimbursements Applied (a)	XXX		XXX		
6. Aggregate Policy Reserves - Change		XXX		XXX	XXX
7. Expenses Paid		XXX		XXX	
8. Expenses Incurred		XXX		XXX	XXX
9. Underwriting Gain or Loss		XXX		XXX	XXX
10. Cash Flow Results	XXX	XXX	XXX	XXX	21,021

(a) Uninsured Receivable/Payable with CMS at End of Quarter: \$ 0 due from CMS or \$ 0 due to CMS